

## Section 2 e-file Program Information

### 2.1 General Information

e-filing ensures more accurate returns because e-file software and our e-file process verify certain aspects of the return before we accept it for processing. Because of these checks, e-file returns have the lowest error rate of all returns filed. In addition, taxpayers and tax practitioners know that we received their return because we send an acknowledgment for each e-file return.

Taxpayers must sign their returns before transmitting to FTB. Taxpayers may sign using the electronic signature options described in Section 3 or using the *California e-file Return Authorization for Individuals* (form FTB 8453) or *California Online e-file Return Authorization for Individuals* (form FTB 8453-OL). Your software must produce the appropriate forms or jurats before transmission.

You may transmit electronic return Forms 540, 540NR Long, 540NR Short, and 540 2EZ via:

- Modem, using dial-up telephone lines to FTB's e-file System in Sacramento. Using this method, transmitters can batch several returns together in a single transmission. For more information, refer to Section 4.
- The Internet, using the Direct Filing Portal (DFP). The DFP allows software developers to provide taxpayers and EROs the option of filing returns and retrieving ACKs directly with FTB over an encrypted Internet connection. Returns transmitted via the DFP must be sent one at a time. For more information, refer to Section 5.

Once we receive a return, our e-file program checks the return information for completeness and accuracy. Each return in a batch is checked independently.

- If the return passes the checks, we will send it for regular processing and send you an acknowledgement (ACK) showing we accepted the return.
- If the return fails any of the checks, we will send you an ACK showing the error codes that identify the problem that caused our e-file program to reject the return. You must correct the errors and retransmit the return for processing. Refer to Section 8 for error code descriptions.

### 2.2 Differences Between the IRS and FTB e-file Programs

We follow the e-file program requirements found in IRS Pub 1345 and in IRS Revenue Procedure 2000-31, to the extent that they apply to our e-file Program.

- Transmit all state tax returns and attachments directly to FTB in Sacramento, California.
- Do not send paper documents to FTB.
  - EROs must retain forms FTB 8453 and FTB 8879.
  - The taxpayer must retain forms W-2, W-2G, 1099-R, 592-B, 593-B, and 594 along with a complete copy of the return and form FTB 8453/FTB 8453-OL.
- We do not have an "offset" indicator.
- We do not accept substitute Forms W-2.
- We do not have a "Tax Practitioner Designee Check Box" to allow taxpayers to designate their practitioner to handle return processing issues.

## 2.3 Definition of e-file Participants

A participant in California's e-file Program is an "Authorized FTB e-file Provider." The Authorized FTB e-file Provider categories are:

An **Electronic Return Originator (ERO)** originates the electronic submission of income tax returns. To be an ERO, you must:

- Be an accepted participant in the IRS's e-file Program.
- Receive an Electronic Filer Identification Number (EFIN) from the IRS.
- Submit form FTB 8633, *California e-file Program Participant Enrollment Form*.
- Pass our suitability check.

**Intermediate Service Providers** receive tax return information from an ERO (or from a taxpayer who files electronically using a personal computer, modem, and commercial tax preparation software), processes the tax return information, and either forwards the information to a Transmitter, or sends the information back to the ERO (or taxpayer).

**Software Developers** develop software for the purpose of formatting electronic tax return information according to FTB Pub. 1346, *e-file Specifications and Record Layouts for California Individual Income Tax Returns*; and/or transmitting electronic return information directly to FTB.

**Transmitters** transmit electronic tax return information directly to FTB.

The Authorized FTB e-file Provider categories are not mutually exclusive. For example, an ERO can, at the same time, be a Transmitter, Software Developer, or Intermediate Service Provider depending on the function(s) performed.

## 2.4 Customer Service Number (CSN) For Online Filers

The CSN is no longer required for online filers.

## 2.5 Installment Agreement Request

We allow e-filers to request the Installment Agreement Request form via an e-file return. If the ERO's client or the user of your software is unable to pay the current year tax by the original due date (generally April 15) or has a delinquent liability for a previous year and they request an installment agreement on their e-file return, we will mail them form FTB 3567, *Installment Agreement Request*.

Once the taxpayer receives form FTB 3567, they will need to fill it out and return it to us for approval. **Approval to make installment payments is not automatic.** Be sure taxpayers know:

- They must apply for and receive approval from FTB to make installment payments.
- Requesting form FTB 3567 through e-file is not approval to make installment payments.
- Requesting Electronic Funds Withdrawal is different from requesting an installment agreement.

Taxpayers can also apply for an installment agreement and check the status of their request online. You may want to program your software to link to our Electronic Installment Agreement Website (<http://www.ftb.ca.gov/online/eIA/index.html>).

Also, please remind taxpayer's to pay as much as they can by the due date. Payments made after the original return due date will result in penalties and interest added to the tax due.

## **2.6 Consent to Disclosure for Online Filers**

All disclosure language has been moved to Section 3 (e-Signature Information).

## **2.7 Memorandum of Agreement (MOA) Program**

The purpose of the MOA Program is to establish written agreements between the FTB and those commercial e-file providers who request a presence on the FTB Website. Based on eligibility and approval, the FTB will provide hyperlinks to the Websites of certain commercial e-file providers from the FTB Website. The FTB Website will also include commercial e-file provider information as a public service to taxpayers and tax professionals.

If you are interested in participating in the FTB's MOA Program, please contact our MOA Program Coordinator at (916) 845-3798.

## **2.8 Privacy and Confidentiality**

You must abide by the provisions of Sections 17530.5, 22251 and 22253 of the Business and Professions Code, Section 1799a of the Civil Code, and Section 18621.7 of the Revenue and Taxation Code. This requires the FTB to approve only those electronic filing tax preparation forms and software that are compliant with the privacy and confidentiality provisions described in these Codes.